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SUBJECT: KOUPAKI LOSES POWER IN MINISTERIAL REALIGNMENT

REFERENCE: A) COTONOU 508 B) COTONOU 494 C) COTONOU 440

¶1. Summary. In his fourth ministerial re-shuffle since he took office a year and a half ago, President Boni Yayi made major changes to his economic team on October 2, 2007. According to press reports and reliable sources, Yayi fired Segbegnon HOUNGBO, Minister Delegate for Budget in the Office of the Minister of Finance and curtailed the portfolio of Pascal KOUPAKI, Minister of State, formerly in charge of the Economy, Economic Forecasting, Development and the Evaluation of Public Action. Soule Mana LAWANI, Minister of Finance, comes out as a winner in the re-shuffle with some of the power Koupaki lost. The Ministry of Primary Education, Literacy and National Languages has been re-organized. The President created a new Ministry of Literacy and National Languages to be headed by Roger Gbegnonvi, a professor and popular political activist. End Summary.

2.(SBU) Sources close to the President have confirmed that this re-shuffle is a reaction to Koupaki's apparent failure to adequately supervise the privatization of SONAPRA, Benin's cotton parastatal. The privatization of cotton, which was marked by several irregularities, fell apart completely last week and the bidding process will have to be repeated.

¶3. Koupaki has lost some of his previous power and a large part of his Ministry, which had recently been created by subdividing the large Ministry of Finance. In his portfolio as Minister of State, Koupaki had broad control over most economic policy and much of the Ministry of Finance. After the realignment he will retain only his responsibilities in the arena of economic development and planning. In this role he will continue to supervise all development assistance including MCC and USAID.

¶4. In the organization of his part of the subdivided Ministry of Finance, Koupaki has been doing battle against the unions representing Finance Ministry workers, to eliminate the practice of special bonuses, known in French as "primes", paid to Finance Ministry workers, in addition to their salaries, to complete tasks which are part of their jobs. Koupaki was known in the past to be close to the President but has recently come under criticism by European diplomats for a management style which some describe as peremptory and aloof. In point of fact, Koupaki's direct, professional, no nonsense management style contributes in long part to donor confidence in the GOB's economic reform program.

¶5. Another casualty in the Ministry of Finance is the Minister Delegate for the Budget Segbegnon Hounngbo, who was relieved of his position in the Finance Ministry after he made public the GOB's failure to spend approximately 65% of the money budgeted for 2007 (seven weeks before the end of Benin's fiscal year). For example, in the education sector, the GOB will only spend 50% of the money it has budgeted. This is an embarrassment for the President who has made one of his chief priorities the provision of free elementary education and an increase in the numbers of school's and teachers.

¶16. President Yayi detached the literacy and national languages component of the Ministry of Primary Education, Literacy and National Languages and assigned it to Roger Gbegnonvi who becomes the new Minister of Literacy and the Promotion of National Languages. Gbegnonvi is a well known and active member of Benin's civil society.

¶17. BIOGRAPHIC NOTE: Mr Roger Gbegnonvi currently serves as a literature and linguistics professor at the University of Abomey Calavi. He holds a doctorate from Germany. He served for ten years as the country representative of the German political foundation Friedrich Nauman (associated with Germany's liberal Free Democratic Party). When the foundation closed his office, he engaged in extensive civil society activities, criticizing fiercely the former Kerekou's regime. Prior to the March 2006 presidential election, he fiercely opposed the proposed constitutional revision which threatened to extend former President Kerekou's mandate. He is known as a champion of good governance and anti-corruption efforts. Though Mr. Gbegnonvi is an influential member of the civil society, he is often seen on the periphery of the Republican Front for a Democratic Change (FRAP) which is a political party associated with Chantal Yayi, Benin's First Lady. Mr. Gbegnonvi is 61 years old. He is married to a German citizen who works for the German Embassy in Cotonou. They have 3 children. END BIOGRAPHIC NOTE

8.(SBU) Comment. Koupaki's demission is a clear response to the failure of the GOB's efforts to privatize the cotton parastatal SONAPRA. Whether or not Koupaki is solely responsible the failure is debatable, but he has taken the public fall. Beyond this clearly public reason some critics of the Government have also attributed Koupaki's loss of executive power in the Ministry of Finance to President Yayi's supporters in northern Benin who fear a Koupaki run

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in the 2011 presidential race. However, there is no indication of political ambitions from Koukpaki himself, a visionary manager and technocrat par excellence. Hounbo's loss of work is less disconcerting as the major donors have identified the GOB's lack of absorptive capacity as a major impediment to development in Benin. End Comment.

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